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ABSTRACT

To manage effectively the higher education enterprise is a complex matter. Part of the problem of managing complexity is the need for monitoring data in time series such that the on-going enterprise is viewed at comparable times in comparable terms. Part of the answer at the University of San Francisco is the development of time series data on students, curriculum, faculty, and a number of noncurricular items. However, the need for systematic financial review called for time series data on financial categories. But beyond such tuition and fees history and specific financial data, the need for certain meaningful ratios or indices is evident. There is also a need to study the balance sheet data over several years and subject these to important meaningful indicator construction. This paper is committed to the development of appropriate theory for total institutional analysis of the university enterprise. This document provides for cross-institutional comparability through the taxonomy of WICHE/NCHEMS Program Classification Structure (PCS). Hopefully, this effort proves useful to institutional needs in budgeting and planning as well as useful to others with similar needs. (Author)

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San Francisco, California 94117

UNIVERSITY OF SAN FRANCISCO
INSTITUTIONAL-LEVEL FINANCIAL INDICATORS, FY 1968-1969 TO FY 1972-1973

by

James Steve Counelis and
Claude J. Rizzo

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THE UNIVERSITY OF SAN FRANCISCO

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James Steve Counelis and Claude J. Rizzo

San Francisco, California

December 17, 1973

PREFACE

Dedicated to the concerns of providing informational insight and guidance to the on-going and planning enterprises of the university, coupled to the development of empirically based theory, this paper presents data on the University of San Francisco in the framework of Hegel's "concrete-general." Case study as an empirical basis for theory development in higher education is suited particularly to the self-study university enterprise called institutional research. And along these lines, this paper's development begins fleshing out elements in this writer's model for self-evaluative performance appraisal, found in Theory and Suggested Framework for Self-Evaluative Performance Appraisal in the University (1973).[1] Comparative time series indicators are significant beginnings because they identify the operations elements in the evaluative model over time. It will be some time before the evaluative model's identity--P (program goals) ≡ B (budgeted goals) ≡ O (operations)--will be possible to put into effect.

As Director of this Office, I am delighted that my new colleague, Claude J. Rizzo, made this paper possible with his expertise in business such that to tease out of audit reports and other financial documents the comparability for WICHE/NCHEMS classification. His insights and my interests coincide very well. Also, we are indebted to Mr. William J. Dillon (Associate Director) for his critical eye in reading the manuscript. And we are very grateful to Ms. Diane Pederson whose typing made this document a quality presentation. Further, we regret loosing Ms. Pederson, who will go on to do creative things in paints and canvas. We congratulate her and wish her a happy time and personal success in her endeavors.

Of course, the errors that appear in this paper remain with the authors. The utility of this report rests with those who care.

---JSC

December 9, 1973
University of San Francisco
San Francisco, California

UNIVERSITY OF SAN FRANCISCO INSTITUTIONAL-LEVEL FINANCIAL INDICATORS, FY 1968-1969 to FY 1972-1973

by

James Steve Counelis and Claude J. Rizzo[+]

Introduction:

To manage effectively the American higher education enterprise is a complex matter these days. The "back-of-the-envelope" calculations of the old time college president or dean have long gone. And part of the problem of managing complexity is the need for monitoring data in time series such that the on-going enterprise is viewed at comparable times in comparable terms.

Part of that answer at the University of San Francisco is the development of time series data on students, curriculum, faculty, and a number of non-curricular items. However the need for systematic financial review of our status called for time series data on financial categories. In 1972 Mr. William J. Dillon, Associate Director of the University of

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San Francisco Office of Institutional Studies, produced a full time series from 1900 to 1972 on educational costs, including a semilogarithmic chart of undergraduate tuition since 1900.[2] But beyond such tuition and fees history and specific financial data, the need for certain meaningful ratios, or percentages, or indices is evident; and this study is a response to that need. In addition, there is need to study the balance sheet data over several years and subject these to important meaningful indicator construction. But at this time, only current operations indicators are constructed for our monitoring and planning purposes.

The University of San Francisco does not have a coherent and sophisticated management information system. Hence regular and standard management reports are not possible. This special study was done at a considerable expense of time, money, and manual effort. As implied above, a successive study on balance sheet indicators is being planned for future publication.

In reviewing the literature, there is not much theory on financial indicator construction for either profit or non-profit type enterprises, such as universities and lower schools, churches, hospitals, museums, symphony orchestras, repertoire companies or government. These choices of indicators were made on rather pragmatic grounds, though we anticipate the detailing of some theory about them in a future paper. We believe that university management has not developed the

appropriate theory for systematic analysis of its enterprise as has business and industry. And most persons familiar with universities and other non-profit enterprises know that the business/industrial model is, at best, inappropriate to these non-profit endeavors, contrary to opinions advocated by many business-type consultants and systems analysts for the higher education field. Hence we are committed to the development of appropriate theory for total institutional analysis of the university enterprise. At best here, we have provided for cross-institutional comparability through the taxonomy of WICHE/NCHEMS Program Classification Structure (PCS). Hopefully, this small effort proves useful to our institutional needs in budgeting and planning as well as useful to others with similar needs.

Indicators:

The following chart provides a number of University of San Francisco financial indicators in selected areas. These reflect expenditure and income trends in specific activity centers. The purpose of the chart is two-fold in that financial data are both of historical import and can also be utilized in future resource planning. The WICHE/NCHEMS Program Classification Structure (PCS) was used. A principle objective of PCS is the aggregation of income and expenditures to facilitate the exchange of comparable data between institutions. A necessary part of such data exchange is predicated

on a standard taxonomy which identifies program categories and related costs and income of higher education institutions. FY 1968-1969 to FY 1972-1973 income and expense information has been extracted from audited financial reports and documents provided by the Office of the Vice President for Business and Finance. Below are given brief definitions and commentary regarding each of the selected indicators.

Instruction Program:

The Instruction Program consists of all formal instructional activities in which a student engages to earn credit toward a degree or certificate. Those program elements which have been established to provide instructional services but are not creditable toward degrees should be assigned to other program areas. Our institutional financial reports do not separately identify cost and income related to non-credit activity as they should, therefore the Instruction Program is all-inclusive.

Actual income and expenditures are identified for each of the Colleges, Schools, and Educational Administration. Functions included within Educational Administration are the Office of the Vice President for Academic Affairs, Graduate Division, Registrar, Academic Advising, and Admissions. However, school/college administrational costs as well as departmental administrational costs are not separated from the instructional costs of these academic units as they should be. Hence these administrational costs are included in the schools/colleges and departmental instructional costs.

Organized Research Programs:

The Organized Research Programs comprise all research-related program elements established within our institution under terms of agreement with agencies external to the institution and separately budgeted. A research program is one which is established to undertake an investigation of a specific scope as defined by the commissioning agency. Income and expenditures reflected under this program category include Research and Special Projects funded through grants as well as miscellaneous educational projects funded through fees, donations and special program income.

Academic Support Programs:

The Academic Support Programs are those program elements which support the Instruction and Organized Research (Primary Programs) through the retention, preservation, and display of materials or provide services which directly assist the academic functions of the institution. Income and expenses included in this program category include the sub-programs of Library, Computing Support, and Audio/Visual Services.

Student Service Program:

The Student Service Program comprises all program elements related to the institution's student body, excluding the degree-related curriculum and student records. Sub-programs and their related income and expense appearing under this program are the Office of Vice President for Student Development, Chaplain, Testing/Counseling and Guidance, Health Service, Placement, International Student Adviser, and Financial Aid Adviser.

Institutional Support Program:

The Institutional Support Program consists of those activities within the institution which provide campus-wide support to other programs. Sub-programs or activities and their related income and expense appearing under this program are the Office of the President, Provost, Trustees, Finance and Accounting, Bursar, Business Services, Personnel, Development, Institutional Studies, Physical Plant, and General. The latter item is used by the Office of the Vice President for Business and Finance as a cost center for unallocated interest, institutional memberships, promotional charges, and various miscellaneous accounts.

Independent Operations Program:

The Independent Operation Program consists of elements which are independent of or unrelated to the primary mission of the institution. Sub-programs and their related income and expense are the Student Housing System, Garage, Student Union, Food Service, Auxiliary Residences, and the College Bookstore.

Scholarships, Allowances, and Grants-In-Aid Program:

This program provides income and disbursements for student financial aid and is typically included as a sub-program of the Student Service Program under the WICHE Program Classification Structure. Prevailing usage at this institution is to segregate this item under the traditional format set forth in Accounting for Colleges and Universities[3] and to include financial aid to religious and employees, therefore it is retained as a separate item.

Income (Expense) and Net Income (Expense) Per FTE:

All income and expenditures used in current operations apportioned equally by FTE enrollment is used as a measure of FTE gross income/expense and net income/expense.

Percentage of Program Expenditure to Total Expenditure:

The expenditure percentage array of programs is set forth to illustrate variances which may occur on a year-to-year comparison and for future planning purposes. Scholarships, Allowances, and Grants have been excluded from the expenditure program to avoid evaluative distortions.

Net Income (Expense) Per College:

Amounts reflected in this indicator are a function of Income less Expenditure.

Primary Expenditure Percentage Related to Total Expenditure:

Percentages expressed by this indicator reflect the primary institutional mission of instruction and instruction-related research in relation to supportive programs.

Expenditure Percentage Relationship of Educational Administration to Instruction:

This indicator segregates the cost of educational administration or educational "overhead" from the "pure" instruction programs. Included items are the Office of the Vice President for Academic Affairs, Graduate Division Administration, Registrar, Academic Advising, and Admissions. Expenses related to the Office of Deans, and departmental chairmen and directors should be included; however, they are not due to lack of precise cost identification at this time.

Independent Operations Surplus (Deficit):

Amounts reflected in this indicator are the net result of income and expenditure for Student Housing, Garage, Student Union, Food Service, Auxiliary Residences, and College Bookstore.

Student Accounts Receivable:

This indicator includes total student unpaid balances unadjusted by application of a Bad Debt Reserve.

Student Accounts Receivable/FTE Student:

This indicator is the result of equal apportionment of total unadjusted Student Accounts Receivable among FTE.

Student Bad Debt Reserve:

Provision for a Bad Debt Reserve is a corollary of those student account receivables which are deemed to be non-collectable. Its inclusion as an indicator is desirable in that it represents a high probability loss to the institution.

Accounts Payable:

This indicator represents short term institutional liabilities requiring rapid application of working capital.

Inventory:

This indicator is utilized to focus on expendable holdings.

Current Operating Surplus (Deficit):

This indicator represents the net surplus or deficit for current fund operations.

Transfers:

This indicator identifies funds from other institutional fund sources which have been applied to reduce an operating deficit.

Current Funds Balance (Deficit) Beginning Year:

This amount represents a carry-over operating balance or deficit from a prior year(s).

Current Funds Balance (Deficit) Year End:

This amount is the sum of the beginning year balance applied to the surplus or deficit for the current year operation.

THE UNIVERSITY OF SAN FRANCISCO FINANCIAL INDICATORS, FY 1968-1969 TO 1972-1973

	1968-1969	1969-1970	1970-1971	1971-1972	1972-1973
FTE	5,006	5,119	5,087	5,026	5,250
INCOME					
Instruction Program					
Arts	$2,410,250	$2,410,091	$3,130,794	$3,256,195	$3,215,114
Business Ad.	330,225	306.956	421,037	558,268	638,988
Education	218,560	288,603	356,386	367,377	427,328
Evening	1,092,741	1,018,881	1,021,523	924,784	913,379
Intersession	30,024	42,838	79,470	91,009	104,627
Law	326,671	376,665	695,494	1,011,344	1,306,015
Nursing	222,356	213,864	300,603	298,246	359,029
Science	542,052	557,027	660,437	847,654	1,029,499
Summer Session	277,980	341,098	383,844	404,417	391,928
Sub Total:	5,450,859	5,556,023	7,049,588	7,759,294	8,385,907
Educational Administration	254,722	213,939	232,544	294,779	258,862
Total Instructional Program:	$5,705,581	$5,769,962	$7,282,132	$8,054,073	$8,644,769
Organized Research Program	$1,008,000	$1,095,000	$858,000	$1,040,000	$1,073,000
Academic Support Program					
Library	$188,936	$207,048	$231,524	$179,123	$195,304
Computing Support		23,710	89,335	21,300	44,792
Audio-Visual Support		3,722	1,803	233	16
Sub Total:	$188,936	$234,480	$322,662	$200,656	$240,112
Student Services Program	$92,001	$91,822	$162,747	$165,079	$165,555

FINANCIAL INDICATORS: CONTINUED

	1968-1969	1969-1970	1970-1971	1971-1972	1972-1973
INCOME: (continued)					
Institutional Support Program	$117,866	$58,190	$78,413	$32,715	$90,589
Independent Operations Program	$1,817,740	$1,969,072	$1,948,944	$2,347,000	$2,325,000
Scholarships, Allowances, Grants	$826,231	$971,382	$1,096,396	$1,153,483	$1,579,000
EXPENDITURES					
Instruction Program					
Arts	$1,112,535	$1,275,514	$1,583,954	$1,613,917	$1,759,631
Business Ad.	245,010	296,519	398,862	317,545	332,277
Education	185,881	241,609	288,517	275,100	298,443
Evening	441,442	474,173	482,124	418,492	407,976
Intersession	12,073	29,685	43,635	45,655	52,812
Law	316,375	398,701	434,520	585,085	871,838
Nursing	284,089	319,817	368,732	354,538	380,325
Science	447,283	527,441	592,308	652,539	731,637
Summer Session	177,421	229,536	266,309	227,005	298,802
Sub Total:	3,222,109	3,792,995	4,458,961	4,489,876	5,133,741
Educational Administration	194,360	392,017	380,692	377,308	370,068
Total Instructional Program:	$3,416,469	$4,185,012	$4,839,653	$4,867,184	$5,503,809
Organized Research Program	$1,029,000	$1,049,000	$853,000	$1,073,000	$1,122,000

FINANCIAL INDICATORS: CONTINUED

	1968-1969	1969-1970	1970-1971	1971-1972	1972-1973
EXPENDITURES: (continued)					
Academic Support Program					
Library	$611,295	$656,313	$750,629	$755,290	$812,278
Computing Support		253,692	278,589	235,752	178,339
Audio-Visual Support	33,128	32,828	48,713	64,608	70,057
Sub Total:	$644,423	$942,833	$1,077,931	$1,055,650	$1,060,674
Student Services Program	$702,871	$671,016	$274,572	$588,396	$582,722
Institutional Support Program	$1,116,248	$1,529,163	$1,726,676	$2,016,250	$2,229,770
Independent Operations Program	$1,770,811	$1,875,118	$1,911,116	$2,340,000	$2,333,134
Scholarships, Allowances, Grants	$1,076,342	$1,314,331	$1,608,304	$1,484,965	$1,897,220
SELECTED FINANCIAL INDICATORS					
Income/FTE Student	$2,027	$2,073	$2,424	$2,610	$2,689
Expense/FTE Student	$2,088	$2,367	$2,654	$2,717	$2,805
Net Income (Expense)/ FTE Student	(61)	(106)	(140)	(107)	(116)

FINANCIAL INDICATORS: CONTINUED

	1963-1969	1969-1970	1970-1971	1971-1972	1972-1973
SELECTED FINANCIAL INDICATORS: (continued)					
% of Program Expenditures to Total Expenditures					
Primary					
Instruction	38.9%	39.9%	43.5%	42.0%	42.9%
Research	13.0%	12.4%	11.6%	10.2%	8.7%
Support					
Academic	7.3%	8.9%	9.7%	9.1%	8.3%
Student Services	8.0%	6.3%	2.4%	5.1%	4.5%
Institutional Support	12.7%	14.6%	15.6%	17.4%	17.4%
Independent Operations	20.1%	17.9%	17.2%	16.2%	13.2%
Primary Expenditures % to Total Expenditures	51.9%	52.3%	55.1%	52.2%	51.6%
% Expenditure of Educational Administration to Instruction	5.7%	9.3%	7.9%	7.8%	7.2%
Net Income (Expense) Per College					
Arts	$1,297,715	$1,134,577	$1,546,840	$1,642,278	$1,455,483
Business Ad.	85,215	10,437	22,175	240,723	306,711
Education	32,679	46,994	67,869	92,277	128,885
Evening	651,299	544,708	539,399	506,292	505,403
Intersession	17,951	13,153	35,835	45,354	51,815
Law	10,296	(22,036)	260,974	426,259	434,177
Nursing	(61,733)	(105,953)	(68,129)	(56,292)	(21,296)
Science	94,769	29,586	68,129	195,115	297,862
Summer Session	100,559	111,562	117,535	177,412	93,126
Sub Total:	2,228,750	1,763,028	2,590,627	3,269,418	3,252,166

FINANCIAL INDICATORS: CONTINUED

	1968-1969	1969-1970	1970-1971	1971-1972	1972-1973
SELECTED FINANCIAL INDICATORS: (continued)					
Net Income (Expense) Per College: (con't.)					
Sub Total (brought forward):	2,228,750	1,763,028	2,590,627	3,269,418	3,252,166
Educational Administration	60,362	(178,078)	(148,148)	(82,529)	(111,206)
Total Net Income (Expense)	$2,289,112	$1,584,950	$2,442,479	$3,186,889	$3,140,960
Independent Operating Surplus (Deficit)	$46,929	$93,954	$37,828	$7,000	($8,134)
Student Accounts Receivable	$295,954	$461,871	$499,305	$696,961	$387,000
Student Accounts Receivable/FTE Student	$59	$90	$98	$139	$74
Student Bad Debt Reserve	$29,556	$59,335	$105,423	$272,848	$128,340
Accounts Payable	$440,182	$354,865	$356,058	$420,352	$401,918
Inventory	$206,052	$139,026	$124,198	$122,168	$104,184
Transfer to Operations	$180,000	$764,205	$272,168	0	$1,204,000
Operating Surplus (Deficit)	($247,882)	($742,757)	($881,923)	($499,763)	($454,000)

FINANCIAL INDICATORS: CONTINUED

	1968-1969	1969-1970	1970-1971	1971-1972	1972-1973
Current Funds Balance (Deficit) Beginning Year	($222,882)	($290,764)	($1,048,782)	($1,930,705)	($2,431,000)
Current Funds Balance (Deficit) Year End	($290,764)	($1,033,521)	($1,930,705)	($2,340,468)	($1,681,000)

FOOTNOTES

[1]James Steve Counelis, Theory and Suggested Framework for Self-Evaluative Performance Appraisal in the University (San Francisco, Ca.: The University of San Francisco Office of Institutional Studies, 1973).

[2]William J. Dillon, University of San Francisco Historical Series Charts on Educational Costs: 1900-1972 (San Francisco, Ca.: The University of San Francisco Office of Institutional Studies, 1972).

[3]Clarence Scheps and E. E. Davidson, Accounting for Colleges and Universities (Rev. ed.; Baton Rouge, La.: Louisiana State University Press, 1970).